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Escrow Procedures Around the United States

by Sandy Gadow

Escrow Procedures and Typical Closing Cost Splits

This chart will give you some indication of how real estate transactions are handled around the country. Keep in mind that these are **typical situations**, but who pays the closing costs is negotiable between the buyer and seller.

ALABAMA — Attorneys handle closings. Conveyance is by warranty deed. Mortgages are the customary security instruments. Buyers and sellers negotiate who's going to pay the closing costs and usually split them equally. Property taxes are due and payable annually on October 1st.

ALASKA — Title companies, lenders and private escrow companies all handle real estate escrows. Conveyance is by warranty deed. Deeds of trust with private power of sale are the customary security instruments. There are no documentary or transfer taxes. Buyer and seller usually split the closing costs. Property tax payment dates vary throughout the state.

ARIZONA — Title companies and title agents both handle closings. Conveyance is by warranty deed. Deeds of trust are the security instruments most often used, mortgages and "agreements for sale" are used approximately 20% of the time. The seller customarily pays for the owner's title policy, and the buyer pays for the lender's policy. They split escrow costs otherwise. There are no documentary, transfer, or mortgage taxes. The first property tax installment is due October 1st and delinquent November 1st; the second half is due March 1st and delinquent May 1st. Arizona is a community-property state.

ARKANSAS — Title agents handle escrows, and attorneys conduct closings. Conveyance is by warranty deed. Mortgages are the customary security instruments. Buyers and sellers pay their own escrow costs. The buyer pays for the lender's policy; the seller pays for the owner's. The buyer and seller split the state documentary tax. Property taxes come due three times a year as follows: the third Monday in April, the third Monday in July, and the tenth day of October.

CALIFORNIA — Not only do escrow procedures differ between Northern and Southern California, they also vary somewhat from county to county. Title companies handle closings through escrow in Northern California, whereas escrow companies and lenders handle them in Southern California.

Conveyance is by grant deed. Deeds of trust with private power of sale are the security instruments used throughout the state. In Southern California, sellers pay the title insurance premium and the transfer tax. Buyer and seller split the escrow costs.

In the Northern California counties of Amador, Merced, Plumas, San Joaquin, and Siskiyou, buyers and sellers share title insurance and escrow costs equally. In Butte County, sellers pay 75%; buyers pay 25%. In Alameda, Calaveras, Colusa, Contra Costa, Lake, Marin, Mendocino, San Francisco, San Mateo, Solano, and Sonoma counties, buyers pay for the title insurance policy, whereas sellers pay in the other Northern California counties. Each California county has its own transfer tax; some cities have additional charges. Property taxes may be paid annually on or before December 10th, or semiannually by December 10th and April 10th. California is a community-property state.

COLORADO — Title companies, brokers, and attorneys all may handle closings. Conveyance is by warranty deed. Deeds of trust are the customary security instruments. Closing costs are negotiable. Sellers pay the title insurance premium and the documentary transfer tax. Property taxes may be paid annually at the end of April or semiannually at the ends of February and July.

CONNECTICUT — Attorneys normally conduct closings. Most often conveyance is by warranty deed, but quitclaim deeds do appear. Mortgages are the security instruments. There are lender's and owner's title insurance policies available with various endorsements. Buyers customarily pay for examination and title insurance, while sellers pay the documentary and conveyance taxes. Property tax payment dates vary by town.

DELAWARE — Attorneys handle closings. Although quitclaim and general warranty deeds are sometimes used, most conveyances are by special warranty deeds. Mortgages are the security instruments. Buyers pay closing costs and the owner's title insurance premiums. Buyers and sellers share the state transfer tax. Property taxes are on an annual basis and vary by county.

DISTRICT OF COLUMBIA — Attorneys, title insurance companies, or their agents may conduct closings. Conveyances are by bargain-and-sale deeds. Though mortgages are available, the deed of trust, containing private power of sale, is the security instrument of choice. Buyers generally pay closing costs, title insurance premiums, and recording taxes. Sellers pay the transfer tax. Property taxes fall due annually or if they're less than \$100,000, semiannually, on September 15th and March 31st.

FLORIDA — Title companies and attorneys handle closings. Conveyance is by warranty deed. Mortgages are the customary security instruments. Buyers pay the escrow and closing costs, while county custom determines who pays for the title insurance. Sellers pay the documentary tax. Property taxes are payable annually on November 1st.

GEORGIA — Attorneys generally take care of closings. Conveyance is by warranty deed. Security deeds are the security instruments. Buyers pay title insurance premiums and also closing costs usually. Sellers pay transfer taxes. Property tax payment dates vary across the state.

HAWAII — By law, only attorneys may prepare property transfer documents, but there are title and escrow companies available to handle escrows and escrow instructions. Conveyance of fee-simple property is by warranty deed; conveyance of leasehold property, which is common throughout the state, is by assignment of lease. Condominiums are everywhere in Hawaii and may be fee

simple or leasehold. Buyers and sellers split escrow fees. Sellers pay the title search costs and the conveyance tax. Buyers pay title insurance premiums for the owner's and lender's policies. Property taxes come due twice a year, on February 20th and again on August 20th.

IDAHO — Closings are handled through escrow companies. Conveyance is by warranty deed or corporate deed, though often there are contracts of sale involved. Either mortgages or deeds of trust may be the security instruments. Deeds of trust which include power of sale provisions are restricted to properties in incorporated areas and properties elsewhere which don't exceed 20 acres. Buyers and sellers split escrow costs in general and negotiate who's going to pay the title insurance premiums. There are no documentary taxes, mortgage taxes, or transfer taxes, but there are property taxes, and they're due annually in November and delinquent on December 20th or semiannually on December 20th and June 20th. Idaho is a community-property state.

ILLINOIS — Title companies, lenders, and attorneys may conduct closings, but only attorneys may prepare documents. Lenders generally hire attorneys and have them prepare all the paperwork. Conveyance is by warranty deed. Recorded deeds must include a declaration of the sales price. Mortgages are the customary security instruments. Buyers usually pay the closing costs and the lender's title insurance premiums; sellers pay the owner's title insurance premiums and the state and county transfer taxes. Property tax payment dates vary. Larger counties typically schedule them for March 1st and September 1st, and smaller counties schedule them for June 1st and September 1st.

INDIANA — Title companies, lenders, real estate agents, and attorneys handle closings. Conveyance is by warranty deed. Mortgages are the customary security instruments. Buyers usually pay closing costs and the lender's title insurance costs, while sellers pay for the owner's policy. There are no documentary, mortgage, or transfer taxes. Property taxes fall due on May 10th and November 10th.

IOWA — Attorneys may conduct closings, and so may real estate agents. Conveyance is usually by warranty deed. Mortgages and deeds of trust are both authorized security instruments. Since Iowa is the only state that does not authorize title insurance, Iowans who want it must go through a title company in another state. Buyers and sellers share the closing costs; sellers pay the documentary taxes. Property taxes are due July 1st based upon the previous January's assessment.

KANSAS — Title companies, lenders, real estate agents, attorneys and independent escrow firms all conduct closings. Anyone who conducts a title search must be a licensed abstractor, a designation one receives after passing strict tests and meeting various requirements. Because many land titles stem from Indian origins, deeds involving Indians as parties to a transaction go before the Indian Commission for approval. Conveyance is by warranty deed. Mortgages are the customary security instruments. Buyers and sellers divide closing costs. Buyers pay the lender's title policy costs and the state mortgage taxes; sellers pay for the owner's policy. Property taxes come due November 1st, but they needn't be paid in a lump sum until December 31st. They may also be paid in two installments, the first on December 20th and the second on June 20th.

KENTUCKY — Attorneys conduct closings. Conveyance is by grant deed or by bargain-and-sale deed. Deeds must show the name of the preparer, the amount of the total transaction, and the recording reference by which the grantor obtained title. Mortgages are the principal security instruments. Sellers pay closing costs; buyers pay recording fees. Responsibility for payment of title

insurance premiums varies according to locale. Property taxes are payable on an annual basis; due dates vary from county to county.

LOUISIANA — Either attorneys or corporate title agents may conduct closings, but a notary must authenticate the documentation. Conveyance is by warranty deed or by act of sale. Mortgages are the security instruments generally used in commercial transactions, while "vendor's liens" and "seller's privileges" are used in other purchase money situations. Buyers generally pay the title insurance and closing costs. There are no mortgage or transfer taxes. Property tax payment dates vary from parish to parish (parishes are like counties). Louisiana is a community-property state.

MAINE — Attorneys conduct closings. Conveyance is by warranty or quitclaim deed. Mortgages are the security instruments. Buyers pay closing costs and title insurance fees; buyers and sellers share the documentary transfer taxes. Property taxes are due annually on April 1st.

MARYLAND — Attorneys conduct closings, and there has to be a local attorney involved. Conveyance is by grant deed, and the deed must state the consideration involved. Although mortgages are common in some areas, deeds of trust are more prevalent as security instruments. Buyers pay closing costs, title insurance premiums, and transfer taxes. Property taxes are due annually on July 1st.

MASSACHUSETTS — Attorneys handle closings. Conveyance is by warranty deed in the western part of the state and by quitclaim deed in the eastern part. Mortgages with private power of sale are the customary security instruments. Buyers pay closing costs and title insurance fees, except in Worcester, where sellers pay. Sellers pay the documentary taxes. Property taxes are payable in two installments, November 1st and May 1st.

MICHIGAN — Title companies, lenders, real estate agents, and attorneys may conduct closings. Conveyance is by warranty deed which must give the full consideration involved or be accompanied by an affidavit which does. Many transactions involve land contracts. Mortgages are the security instruments. Buyers generally pay closing costs and the lender's title insurance premium, and sellers pay the state transfer tax and the owner's title insurance premium. Those property taxes that pay for city and school expenses fall due July 1st; others (county taxes, township taxes, and some school taxes) fall due on the first of December. In many tax jurisdictions, taxpayers may opt to pay their taxes in two equal installments without penalty.

MINNESOTA — Title companies, lenders, real estate agents, and attorneys may conduct closings. Conveyance is by warranty deed. Although deeds of trust are authorized, mortgages are the customary security instruments. This is a strong abstract state. Typically a buyer will accept an abstract and an attorney's opinion as evidence of title, even though the lender may require title insurance. Buyers pay the lender's and owner's title insurance premiums and the mortgage tax. Sellers usually pay the closing fees and the transfer taxes. Property taxes are due on May 15th and October 15th.

MISSISSIPPI — Attorneys conduct real estate closings. Conveyance is by warranty deed. Deeds of trust are the customary security instruments. Buyers and sellers negotiate the payment of title insurance premiums and closing costs. There are no documentary, mortgage, or transfer taxes. Property taxes are payable on an annual basis and become delinquent February 1st.

MISSOURI — Title companies, lenders, real estate agents, and attorneys may conduct closings. In the St. Louis area, title company closings predominate. In

the Kansas City area, an escrow company or a title company generally conducts the closing. Conveyance is by warranty deed. Deeds of trust are the customary security instruments and allow private power of sale. Buyers and sellers generally split the closing costs. Sellers in western Missouri usually pay for the title insurance policies, while elsewhere the buyers pay. There are no documentary, mortgage, or transfer taxes. Property taxes are payable annually and become delinquent January 1st for the previous year.

MONTANA — Real estate closings are handled through escrow. Conveyance is by warranty deed, corporate deed, or grant deed. Mortgages, deeds of trust, and unrecorded contracts of sale are the security instruments. Buyers and sellers split the escrow and closing costs; sellers usually pay for the title insurance policies. There are no documentary, mortgage, or transfer taxes. Montanans may pay their property taxes annually by November 30th or semi-annually by November 30th and May 31st.

NEBRASKA — Title companies, lenders, real estate agents and attorneys all conduct closings. Conveyance is by warranty deed. Mortgages and deeds of trust are the security instruments. Buyers and sellers split escrow and closing costs; sellers pay the state's documentary taxes. Property taxes fall due April 1st and August 1st.

NEVADA — Escrow companies are used for closings. Conveyance is by grant deed, bargain-and-sale deed, or quitclaim deed. Deeds of trust are the customary security instruments. Buyers and sellers share escrow costs. Buyers pay the lender's title insurance premiums; sellers pay the owner's and the state's transfer tax. Property taxes are payable in one, two, or four payments, the first one being due July 1st. Nevada is a community-property state.

NEW HAMPSHIRE — Attorneys conduct real estate closings. Conveyance is by warranty or quitclaim deed. Mortgages are the customary security instruments. Buyers pay all closing costs and title fees except for the documentary tax; that's shared with the sellers. Property tax payment dates vary across the state.

NEW JERSEY — Attorneys handle closings in northern New Jersey, and title agents customarily handle them elsewhere. Conveyance is by bargain-and-sale deed with covenants against grantors' acts (equivalent to a special warranty deed). Mortgages are the most common security instruments though deeds of trust are authorized. Both buyer and seller pay the escrow and closing costs. The buyer pays the title insurance fees and the seller pays the transfer tax. Property taxes are payable quarterly on the first of April, July, October, and January.

NEW MEXICO — Real estate closings are conducted through escrow companies. Conveyance is by warranty or quitclaim deed. Deeds of trust and mortgages are the security instruments. Buyers and sellers share escrow costs equally; sellers pay the title insurance premiums. There are no documentary, mortgage, or transfer taxes. Property taxes are payable November 5th and April 5th. New Mexico is a community-property state.

NEW YORK — All parties to a transaction appear with their attorneys for closing. Conveyance is by bargain-and-sale deed. Mortgages are the security instruments in this lien-theory state. Buyers generally pay most closing costs, including all title insurance fees and mortgage taxes. Sellers pay the state and city transfer taxes. Property tax payment dates vary across the state.

NORTH CAROLINA — Attorneys or lenders may handle closings, and corporate agents issue title insurance. Conveyance is by warranty deed. Deeds

of trust with private power of sale are the customary security instruments. Buyers and sellers negotiate the closing costs, except that buyers pay the recording costs, and sellers pay the document preparation and transfer tax costs. Property taxes fall due annually on the last day of the year.

NORTH DAKOTA — Lenders, together with attorneys, conduct closings. Conveyance is by warranty deed. Mortgages are the security instruments. North Dakotans base their title insurance on abstracts and attorneys' opinions. Buyers usually pay for the closing, the attorney's opinion, and the title insurance; sellers pay for the abstract. There are no documentary or transfer taxes. Property taxes are due March 15th and October 15th.

OHIO — Title companies and lenders handle closings. Conveyance is by warranty deed. Dower rights require that all documents involving a married person must be executed by both spouses. Mortgages are the security instruments. Buyers and sellers negotiate who's going to pay closing costs and title insurance premiums, but sellers pay the transfer taxes. Property tax payment dates vary throughout the state.

OKLAHOMA — Title companies, lenders, real estate agents, and attorneys may conduct closings. Conveyance is by warranty deed. Mortgages are the usual security instruments. Buyers and sellers share the closing costs, except that the buyer pays the lender's policy premium, the seller pays the documentary transfer tax, and the lender pays the mortgage tax. Property taxes may be paid annually on or before the last day of the year or semi-annually by December 31st and March 31st.

OREGON — Closings are handled through escrow. Conveyance is by warranty or bargain-and-sale deed, but land sales contracts are common. Mortgage deeds and deeds of trust are the security instruments. Buyers and sellers split escrow costs and transfer taxes; the buyer pays for the lender's title insurance policy, and the seller pays for the owner's policy. Property taxes are payable the 15th of November, February, and May; if paid in full by November 15th, owners receive a 3% reduction.

PENNSYLVANIA — Title companies, real estate agents, and approved attorneys may handle closings. Conveyance is by special or general warranty deed. Mortgages are the security instruments. State law restricts aliens in owning real property with respect to acreage and income and includes special restrictions affecting farmland. Buyers pay closing costs and title insurance fees; buyers and sellers split the transfer taxes. Property tax payment dates differ across the state.

RHODE ISLAND — Attorneys usually conduct closings, but banks and title companies may also conduct them. Conveyance is by warranty or quitclaim deed. Mortgages are the usual security instruments. Buyers pay title insurance premiums and closing costs; sellers pay documentary taxes. Property taxes are payable annually, semi-annually, or quarterly with the first payment due in July.

SOUTH CAROLINA — Attorneys customarily handle closings. Conveyance is by warranty deed. Mortgages are most often the security instruments. Buyers pay closing costs, title insurance premiums, and state mortgage taxes; sellers pay the transfer taxes. Property tax payment dates vary across the state from September 15 to December 31.

SOUTH DAKOTA — Title companies, lenders, real estate agents, and attorneys may handle closings. Conveyance is by warranty deed. Mortgages are the usual security instruments. Sellers pay the transfer taxes and split the other closing costs, fees, and premiums with the buyers. Property taxes come

due May 1st and November 1st.

TENNESSEE — A title company attorney, a party to the contract, a lender's representative, or an outside attorney may conduct a closing. Conveyance is by warranty or quitclaim deed. Deeds of trust are the customary security instruments. The payment of title insurance premiums, closing costs, mortgage taxes, and transfer taxes varies according to local practice. Property taxes are payable annually on the first Monday in October.

TEXAS — Title companies normally handle closings. Conveyance is by warranty deed. Deeds of trust are the most common security instruments. Buyers and sellers negotiate closing costs. There aren't any documentary, transfer, or mortgage taxes. Property taxes are due October 1st. Texas is a community-property state.

UTAH — Lenders handle about 60% of the escrows and title companies handle the rest. Conveyance is by warranty deed. Mortgages and deeds of trust with private power of sale are the security instrument. Buyers and sellers split escrow fees, and sellers pay the title insurance premiums. There is no documentary, transfer, or mortgage taxes. Property taxes are payable November 30th.

VERMONT — Attorneys take care of closings. Conveyance is by warranty or quitclaim deed. Mortgages are the customary security instruments, but large commercial transactions often employ deeds of trust. Buyers pay recording fees, title insurance premiums, and transfer taxes. Property tax payment dates vary across the state.

VIRGINIA — Attorneys and title companies conduct real estate closings. Conveyance is by bargain-and-sale deed. Deeds of trust are the customary security instruments. Buyers pay the title insurance premiums and the various taxes. Property tax payment dates vary.

WASHINGTON — Title companies, independent escrow companies, lenders, and attorneys may handle escrows. An attorney must prepare real estate documents, but there is a "limited practice rule" which lets licensed non-attorneys prepare most of the commonly used real estate documents. Conveyance is by warranty deed. Both deeds of trust with private power of sale and mortgages are used as security instruments. Sellers generally pay the title insurance premiums and the "revenue" tax; buyers and sellers split everything else. Property taxes are payable April 30th and October 31st. Washington is a community-property state.

WEST VIRGINIA — Attorneys conduct escrow closings, although lenders and real estate agents do them occasionally. Conveyance is by warranty deed, bargain-and-sale deed, or grant deed. Deeds of trust are the customary security instruments. Buyers pay the title insurance premiums and sellers pay the documentary taxes; they divide the other closing costs. Property taxes may be paid in a lump sum after July 6th or in two installments on September 1st and March 1st.

WISCONSIN — Lenders and title companies conduct what are called "table closings" throughout the state, except in the Milwaukee area, where attorneys conduct the closings. Conveyance is by warranty deed, but installment land contracts are used extensively, too. Mortgages are the customary security instruments. Buyers generally pay closing costs and the lender's policy fees; sellers pay the owner's policy fees and the transfer taxes. In transactions involving homesteads, conveyances may be void if not joined into by the spouse. Property taxes may be paid in full on February 28th, or they may be

paid half on January 31st and half on July 31st. Wisconsin is a quasi-community-property state.

WYOMING — Real estate agents generally conduct closings. Conveyance is by warranty deed. Mortgages are the usual security instruments. Buyer and seller negotiate who's going to pay the various closing costs and title insurance fees. There are no documentary, mortgage, or transfer taxes. Property taxes may be paid annually December 31st or semi-annually September 1st and March 1st.

Sandy Gadow is the author of [All About Escrows and Real Estate Closings](#) published by Escrow Publishing Company. A prominent authority on title and escrow, Sandy is also a licensed mortgage broker and member of the California Escrow Association and American Escrow.

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